## REMARKS

The inventor and his undersigned representative respectfully acknowledge the time and courtesy extended by the Examiners in conducting the Interview of October 21, 2010. The above claim amendments and remarks provide applicants' summary of the interview.

**The Amendments**

The claims are amended in connection with the discussion during Interview. The claims now better set forth the nature of the determination being made and distinguish the "claim for defense" from a claim alleging asserting liability under an insurance policy. As discussed in more detail below, the determination of whether a claim for a defense under a liability insurance policy should be referred to a higher review level is exemplified by a determination of a liability insurance company whether they need to refer a situation to outside counsel for that counsel to analyze whether the situation falls under the policy and, thus, obligates the insurance company to defend the insured. It is a separate determination and preliminary to the determination of who is liable in the situation, the latter determination being exemplified by the Wahlbin and Jernberg systems/methods. The claimed systems/methods relate to a determination of what level of review is going to be applied for analyzing whether the policy applies, not the ultimate determination of liability under the policy. The system claim is also amended to use non-active language which is more suited to the method claim. Some other minor amendments are made. The amendments are of a clarifying nature and are not believed to narrow the scope of the claims.

Applicants reserve the right to file one or more continuing and/or divisional applications directed to any subject matter disclosed in the application which may have been canceled by any of the above amendments.

**The Rejections under 35 U.S.C. §103**

The rejection of claims 1, 2, 5-8, 11, 12, 17, 18, 33, 34, 39, 40, 43 and 44 under 35 U.S.C. §103, as being obvious over Wahlbin (US Pub. No. 2002/0128881) in view of DeTore (U.S. Patent No. 4,975,840), and the rejection of claims 13-16, 19, 20, 41 and 42 under 35 U.S.C. §103, as being obvious over Wahlbin in view of DeTore and further in view of Jernberg (U.S. Patent No. 6,336,096), are respectfully traversed.

The following remarks summarize the explanation from the inventor provided at the Interview regarding the nature of the invention and its significance in the art.

The invention is designed to be applied to a particular kind of insurance – liability insurance. Under a liability policy, the insurance provider provides two main benefits: (1) it will hire attorneys to defend lawsuits that third-parties file against the policyholder; and, (2) it will pay settlements or judgments for which the policyholder is liable to those third-parties. Those benefits are only available to the policyholder, however, if the third-party suit is covered – or potentially covered – under the liability policy. Moreover, if the suit is only potentially covered, rather than clearly covered, the benefits of the liability policy may only be provided on a contingent basis.

Accordingly, a critical determination which the provider must make - up front - is whether the third-party suit against the policyholder is clearly covered, potentially covered, or not covered at all. Moreover, this determination is something that is made without reference to whether the policyholder will be liable to the third-party in the suit, and if so, for how much, or whether the third-party suit has any merit whatsoever. While this decision may not be difficult for adjusters charged with handling matters submitted by policyholders under liability policies in the majority of cases, it can be an exceedingly complex task in a substantial minority of cases. It is this determination that the invention is directed to. The claimed systems/methods provide a means for the insurance provider to determine if it is necessary to refer the decision of whether a third-party suit is covered, potentially covered, or not covered at all, to independent/outside coverage counsel (i.e., not the panel counsel who are retained to defend policyholders in the actual third-party suit). The determination to which the invention pertains is not whether a suit is covered under the policy but whether the issue should be referred to a higher review level (e.g., outside counsel) to make that determination. In other words, the invention pertains to the determination of whether the insurance provider should hire outside coverage counsel to assist it in determining whether the claim/demand by a policyholder that it is entitled to a defense against a third-party lawsuit is something that is covered, potentially covered, or not covered at all under the liability policy, irrespective of the merits or ultimate outcome of that suit.

Because of the overall volume of claims these insurance providers are asked to handle on a regular basis, they simply are not able to devote the time or level of analysis that is

necessary to those minority of claims with this "coverage" issue. But failure to devote the necessary time and analysis can result in: (1) claims which are not covered are, nonetheless, accepted, and payments are made for defense and/or indemnity which the company is not actually obligated to pay; (2) claims that should have been covered are denied, often leading to additional liability over and above the original policy requirements; or, (3) contractual rights are not timely preserved in full so that, even if there is potential coverage and some obligation under the policy, the insurance carrier ends up paying more for defense and/or settlement of the claim or suit than it would otherwise be obligated to do if the contractual rights had been timely preserved.

Additionally, because of the way in which most liability insurance risks are structured, *i.e.*, through reinsurance, there is a disincentive to refer claims out for a separate opinion or other handling by a coverage-determination attorney. In general, when an individual insurance policy (or a class of insured risk) is reinsured, the reinsurer agrees to reimburse the direct insurer for defense expenses and indemnification costs in exchange for a portion of the premium. Often, however, the reinsurer does not agree to reimburse the direct insurer for costs associated with retention of coverage-determination counsel. As a result, every dollar spent on coverage-determination counsel is an expense borne entirely by the direct insurer, and therefore, an expense that the direct insurer seeks to avoid or minimize whenever possible. Under such circumstances, the result is frequently that claims do not get referred out for a more thorough coverage analysis when they should. Alternatively, they do not get referred out until it is absolutely necessary and the delay results in failure to timely preserve certain actions.

Responses to the above-described problem have taken different forms, from referring out all claims of a certain class, to requiring senior officers of an insurance provider - often after going through several layers of mid-level managers - to approve such referrals. The former approach tends to incur unnecessary expenses. The latter approach tends to create a bottleneck which delays referrals resulting in additional expenses and/or failure to preserve rights. The system/method of the claimed invention provides an automatic coverage referral system which can be swiftly applied and provides a consistent way of making these determinations (see, e.g., pages 2-4 of the instant specification). It is designed to respond to the above-noted complex of problems by providing a method that the initial level claims

handler can use to determine, simply and efficiently, whether a matter should be referred out to coverage-determination counsel at the earliest possible stage of the process.

The systems/methods described in the cited prior art of record do not address the issue of referral of coverage determinations, as detailed below.

Applicant's remarks provided with the RCE Reply of September 20, 2010, are provided again below. Although this is duplicative, it is provided for the Examiners' ease so that all the remarks are in a single document.

None of the Wahlbin, DeTore or Jernberg references relate to the field of applicants' invention. While each of the references relates to methods/systems pertaining to insurance, generally, none of the references relates specifically to methods/systems for "making a determination of whether a claim for **a defense** under a liability insurance policy should be referred to a higher review level" (emphasis added). Applicants' invention provides systems and methods for a liability insurance company and/or those who handle claims for a liability insurance company to more effectively address whether or not to accept a claim for a defense made under a liability policy. For example, the systems and methods allow the user to more effectively identify the factors relevant to determining if the claim, either in full or in part, is plainly not covered by the policy, if the claim, either in full or in part, is potentially covered and therefore obligates the insurer to defend but not indemnify the policyholder, or if the claim, either in full or in part, is plainly covered by the policy and thus obligates the insurer to both defend the policyholder and pay any settlement or judgment. The claimed systems and methods allow the user to more effectively decide how likely it is that a claim will require the insurer to retain the services of an outside coverage attorney to assist in making the determination, and also whether the above determinations can be made by the claims handling personnel with or without management review. See, e.g., page 2, last paragraph, through page 4, last paragraph, of applicant's specification. The systems/methods of the invention relate to determinations about how to or whether to proceed with a **defense** of an underlying claim, e.g., whether the insurance company should hire outside coverage counsel to assist in analyzing whether to accept the policyholder's claim for a defense against the underlying claim. Such determinations are distinct from the determinations regarding ultimate liability or insurability disclosed in the cited references. None of the cited references address the problem addressed by applicants' invention and recited in their claims.

Wahlbin teaches methods/systems for "estimating liability in an accident." See, e.g., the Abstract. The Wahlbin methods/systems provide a means for an insurance company claims adjuster to apportion liability between the parties to a motor vehicle accident; see, e.g., page 1, paras. 0005, 0006, 0010 and 0011. Wahlbin relates to determining ultimate liability between the parties to the accident. It has nothing to do with the determination of a liability insurance company (and/or those working for it) of how to or whether to handle "**a claim for a defense**" under a liability policy issued by them. For example, the Wahlbin disclosure does not contain the word "defense" or "defend" anywhere in its disclosure.

DeTore teaches methods/systems for evaluating the insurability of a potentially insurable risk; see, e.g., the Abstract. The DeTore methods/systems involve determining a level of risk from which a determination can be made of whether to offer insurance or not and at what cost; see, e.g., the paragraph bridging cols. 1-2 and paragraphs at cols. 12-13. Like Wahlbin, DeTore has nothing to do with the determination of a liability insurance company (and/or those working for it) how to or whether to handle "**a claim for a defense**" under a liability policy already issued by them. And the DeTore disclosure also does not contain the word "defense" or "defend" anywhere in its disclosure.

Jernberg teaches methods/systems for "evaluating liability among multiple potential responsible parties" with regards to toxic clean-up sites, see, e.g., the Abstract. The Jernberg methods/systems, like Wahlbin, provide a means for an insurance company claims adjuster to apportion liability between multiple parties; see, e.g., cols. 2-3. Jernberg relates to determining ultimate liability between the potentially responsible parties. It also has nothing to do with the determination of a liability insurance company (and/or those working for it) [of] how to or whether to handle "**a claim for a defense**" under a liability policy issued by them. Jernberg contains two small notes at col. 11, lines 55-60, which mention the term "defense" but only in the context of the costs for such as that effects relative liability. This part of Jernberg has no connection to a determination of whether a claim for a defense under a liability insurance policy should be referred to a higher review level

None of the references provides any teachings directed to methods or systems for determining whether a claim for a defense under a liability insurance policy should be referred to a higher review level as claimed. Further, there is no reasoning provided or apparent from the references why the cited reference systems and methods would be applicable to determining whether a claim for a defense under a liability insurance policy

should be referred to such higher review level. For this reason at least, the combined teachings of the references fail to render the claimed systems or methods obvious to one of ordinary skill in the art. In the absence of a teaching in any of the cited references of such a system or method, the combination of the references would not result in this aspect of the claimed invention. The references, as a whole, teach nothing about referrals for a coverage opinion as to whether the insurer should provide a defense to its policyholder for a liability insurance claim or any of the claimed more specific determinations.

Additionally, there is no objective reason for one of ordinary skill in the art to combine the DeTore teachings with either Wahlbin or Jernberg. DeTore relates to systems or methods for achieving distinct results and solving different types of problems than the other two references. No sufficient articulated reason is provided as to why one of ordinary skill in the art would take different parts of these systems and combine them in the manner suggested in the Office action. The Office action states that it would be obvious to combine the method for adjusting liability estimates in accidents of Wahlbin with the teachings of DeTore because DeTore provides "an efficient means for administrators and management to further define problems and identifying/requesting additional information for resolution." Such a general statement is not a sufficient basis for one of ordinary skill in the art to apply the teachings from one reference to a different reference which addresses distinct problems. Wahlbin relates to allocating liability among the parties while DeTore relates to determining whether to issue any insurance at all. They are completely unrelated determinations.

In any event, even if the teachings of Wahlbin, DeTore and Jernberg were combined, the claimed invention is not achieved or suggested thereby. It is alleged in the Office action that the categories disclosed in the references correspond to the categories used in the claimed invention and that the determination of liability in Wahlbin regarding liability between the parties corresponds to the determination made in the claimed invention. Applicants disagree. The different types of data used in the references relate to determining liability between parties (Wahlbin and Jernberg) or determining a level of risk when issuing or not issuing insurance (DeTore). These data are not relevant to determining whether a claim for a defense under a liability insurance policy should be referred to a higher review level or making any of the more specific determinations of the claimed invention.

The combined teachings of Wahlbin, DeTore and Jernberg fail to render the claimed invention obvious to one of ordinary skill in the art. Since none of these references teach

anything about a computer system or computer-implemented method for making referrals concerning whether the insurer should accept a claim for **a defense** under a liability insurance policy, it should be clear that their combination also fails to teach or suggest the claimed systems and methods.

Regarding claims 13-16, applicants disagree that they refer merely to non-functional descriptive material. The categories recited in these claims relate to specifying the real data which is necessary to make the ultimate determination recited in claims 1 and 2. Also, they are not claimed merely as descriptive material, per se, as alleged in the Office action. The claims which these claims ultimately depend on (i.e., claims 1 and 2) clearly set forth that the data is necessary for providing the function of the invention, i.e., the referral determination. Thus, the claims clearly do describe the steps involved in using the features (i.e., the categories) recited in claims 13-16. For example, claim 1 recites a system including "computer-executable instructions particular for determining from the number of categories found to apply whether the claim should be referred to a higher review level." Thus, the claims clearly recite how the categories are used to carry out the claimed invention and the recitations in claims 13-16 merely provide greater specificity on the nature of categories used in this determination. The categories embody the data by which the computer is configured to be able to provide the referral determination, i.e., the data is partly responsible for making the computer a "particular machine" which makes it statutory subject matter.

For all of the above reasons, it is urged that the rejections under 35 U.S.C. §103 should be withdrawn.

It is submitted that the claims are in condition for allowance. However, the Examiner is kindly invited to contact the undersigned to discuss any unresolved matters.

The Commissioner is hereby authorized to charge any fees associated with this response or credit any overpayment to Deposit Account No. 13-3402.

Respectfully submitted,

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